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**Illinois  
Employee  
Ownership  
Assistance Act:  
An Overview**

*Discover The Magnificent Miles of*



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# General Information

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The Employee Ownership Assistance Act is designed to encourage employees of plants which are about to be closed or relocated to acquire the facility and to operate it as an employee owned business. The Department of Commerce and Community Affairs can provide basic information, general assistance with regulations, and other services to employees involved in an acquisition attempt.

In situations where a plant closing or relocation is imminent, the employees would form an ownership association for the purpose of assuming ownership and control of the plant. The employee ownership association would develop a plan to purchase the facility, collect financial and product marketing information, and seek private funding for the purchase of the facility. Should the association fail to receive adequate funding for the take-over from private sources, the employee ownership association may then seek assistance from the state.

Application for State support must be provided to the Employee Ownership Advisory Council and to the Illinois Industrial Development Authority. The Employee Ownership Advisory Council is a seven-member body chaired by the Lt. Governor and composed of individuals representing business, labor and community interests. The Advisory Council provides information on employee ownership, and reviews and approves applications for assistance in conjunction with IIDA.

The Illinois Industrial Development Authority was created in 1961 to assist the expansion of jobs in labor surplus areas of Illinois. IIDA has provided direct loans and issued industrial revenue bonds to aid economic development in the State. The Illinois Industrial Development Authority is empowered to issue industrial revenue bonds on behalf of employee ownership associations, and will review and act on all applications submitted to the State for support under the law. IIDA charges applicants \$1,000 when an application is made for the IRB program and \$1,500 when the issue is closed.



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# Applications

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Applications must be submitted in duplicate, one copy to the Advisory Council and one copy to the Illinois Industrial Development Authority.

Applications must include:

The history of the employee ownership association

Circumstances which led to the attempted acquisition

Consent of the present owners to the attempted employee acquisition

Financial and marketing projections

An estimate of the jobs saved by the action

Total project cost

A detailed financial statement

Up to 50% of the project cost can be provided from IIDA in the form of a loan (13 years). Under the provisions of the Act, an employee owned business must be controlled and at least 60% owned by the employees.



# Procedure

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Steps in a typical employee purchase of a facility:

- Step 1 Plant closing or relocation proposed
- Step 2 Employee ownership association formed
- Step 3 Funding for the employee buy-out sought
- Step 4 State assistance sought as a final resort
- Step 5 Applications made to IIDA and the Employee Ownership Assistance Council. A \$1,000 fee must accompany the application submitted to IIDA
- Step 6 Application reviewed and acted upon by IIDA and the Advisory Council
- Step 7 Upon approval, up to 50% of the project cost can be provided from industrial revenue bonds issued by IIDA
- Step 8 Purchase of a firm by employees

Information on employee ownership can be provided by the Department of Commerce and Community Affairs. For additional information on the program, call the Director's Office at 217-782-7500, or IIDA at 618-997-6318.



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